

NEEDS FOR LLL IMPROVEMENT FOR SUPPORTING CAREER COUNSELLING FOR SELF-EMPLOYMENT

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The paper assesses the value of guidance and counselling services targeting people considering self-employment, and envisages further potential improvement for LLL related activities. It addresses the results of a survey conducted in Romania as part of the project entitled: *Guidance and Counselling for Self-employment. "SELF-EMPLOYMENT"*. The research was drawn up bearing in mind that introducing self-employment as part of governmental and regional programmes could have significant influence on unemployment level and other economic factors. Moreover, single-person enterprises are creatively and dynamically managed. Thus, counselling on high quality level targeted at single-person enterprises could bring a synergic effect and reinforce their activity, increasing their strengths. Special measures addressing self-employment are not specified within regional development plans, even if measures connected with the SME's sector are included. On the other hand, the responsible LLL actors must address these needs by offering appropriate training for career counselling targeting self-employment, both to career counsellors and self-employees alike.

INTRODUCTION

The paper intends to assess the value of guidance and counselling services targeting people considering self-employment. It is the result of a survey realized in Romania as part of the project entitled: *Guidance and Counselling for Self-employment. "SELF-EMPLOYMENT"*.

Romanian legislation [1] is relatively different to other EU countries, and defines the self-employed as a person who conducts his/her activity at his/her own headquarters (*authorised individuals*), or runs an individual business without employing other people, with the possibility of assistance from unremunerated family members (*family associations*). The same applies to the statistical data available in Romania; self-employed related data includes both authorized individuals and family associations.

Other categories of single-person enterprises, with respect to other Romanian definitions are *companies with 0 employees* [2], *micro-enterprises with 1 employee* [3] or *independent professionals* [4]. But information on these last categories is very hard to find, since up to present there is no consolidated data collection specifically on them. These categories are usually included into the small/micro-enterprises category.

According to the Romanian National Statistic Institute [5], the number of entrepreneurs in 2004 [6] was approximately 410,000, meaning 48% of the total number of active economic and social operators on the Romanian market.

Single-person enterprises are creatively and dynamically managed. High quality level counselling addressing them could bring a synergic effect, reinforcing these companies and their strengths significantly.

The research was drawn-up bearing in mind that focusing self-employment at the governmental and regional programmes could have a significant influence on the unemployment level and other economic factors. Special measures addressing the self-employed are not specified within regional development plans, even if measures connected with SME's sector are included. On the other hand, the responsible LLL actors must address these needs by offering appropriate training for career counselling targeting self-employment, both to career counsellors and the self-employees alike.

METHODOLOGICAL APPROACH & GENERAL DATA

The study on the needs, expectations and condition of the self-employed was performed by use of a questionnaire. In the case of Romania, (surveys within this project framework were also conducted in Austria, Poland, and Finland), the sample consisted of 400 interviewees, already self-employed for maximum 1 year. It was assumed that these respondents will give valuable information/data on available opportunities of guidance and counselling, as well as on their efficiency. The survey was carried out by a research group from Dunarea de Jos University of Galati (DJUG), Galati County Employment Agency and independent experts, by using both computer-aided and face to face interviews. Targeted respondents were randomly selected. Since no previous data about Romanian self-employment was available, *the survey did not have a probability sample character*. Table 1 presents the location of the Romanian respondents.

Table 1: Location of the respondents

| | | No | % |
|--|-------------------------------------|-----|------|
| What region do you perform your activity in? | Region RO01 North East | 55 | 13.8 |
| | Region RO02 South East | 106 | 26.5 |
| | Region RO03 South-Muntenia | 36 | 9.0 |
| | Region RO04 South East West-Oltenia | 62 | 15.5 |
| | Region RO05 West | 39 | 9.8 |
| | Region RO06 North West | 50 | 12.5 |
| | Region RO07 Central | 52 | 13.0 |
| Total | | 400 | 100 |

Information about the respondents' legal form of activity in the labour market is shown in Table 2.

Table 2: Respondents' legal form of activity in the labour market

| | |
|---|--------|
| Authorised individual (excluding agriculture) | 81.00% |
| Worker within a family association | 3.75% |
| Other form of self-employment: Limited company with 0 employees/micro-enterprise with 1 employee/independent profession | 15.25% |

The basic education of Romanian respondents acting as self-employed is presented in Table 3. More than half of the respondents are college graduates, or graduates in their terminal years.

Figure 1 shows the respondents' main areas of activity, and a detailed situation of their occupation is presented in Table 4.

Table 3: Education of self-employed respondents

| | | % |
|-----------|---|------|
| Education | up to 10 classes | 5.8 |
| | high-school graduate | 39.3 |
| | college graduate or university graduate | 45.8 |
| | terminal years in college or university | 9.3 |
| Total | | 100 |

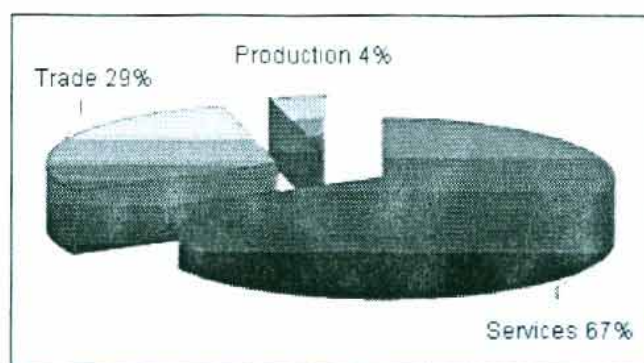


Figure 1: Single-person companies: main fields of activity

Table 4: Self-employers: occupations

| | |
|---|-------|
| Engineers, architects, and assimilated | 9.5% |
| Beauty services (e.g. hair-dresser) | 2.01% |
| Carpenters and assimilated | 6.5% |
| Commercial agents and business intermediary | 4.67% |
| Construction workers and assimilated, including finishing operations (e.g. house painter) | 7.30% |
| Financial and commercial agents | 2.90% |
| Financial and insurance consultants | 2.05% |
| Handicraftsmen and qualified workers and assimilated (e.g. plumber, electrician) | 4.25% |
| Technical assistance, consultancy | 1.65% |
| Translators | 0.30% |
| Handicraftsmen in textile and leather (e.g. tailors, tanner, upholsterer) | 1.75% |
| Hotels and restaurants services | 2.30% |
| IT services and consultancy | 5.47% |
| Lawyer, legal adviser and assimilated | 1.75% |
| Management and financial consultancy | 5.20% |
| Mechanics, assemblers, repairmen for machines and tools | 6.54% |
| Real estate services | 6.2% |
| Sellers in shops and markets: peddler and assimilated | 13.5% |
| Teachers and trainers and assimilated | 5.00% |
| Transport services | 5.70% |
| Others | 5.46% |

SELF-EMPLOYED PEOPLE VS. SUPPORTING MEASURES

This section contains data about the experiences of self-employed interviewees regarding the training and counselling opportunities available to them, and also their assessment of how these supporting measures met their needs.

When planning to start their business, 29% of the Romanian respondents are not interested in finding information regarding the supporting measures available, whilst more than a half (54.5%) is looking for information superficially. Only 16.5% searched information on training and guidance for self-employment in an extensive manner.

No matter if the search was made superficially or extensively, the interviewees addressed the following institutions: County Employment Agency 50.3%, City Hall (13.7%), Chamber of Commerce (20%), and agencies/institutions implementing externally funded programmes supporting unemployed people (as EU or World Bank programs), 14.10%.

An interesting aspect is that the people with lower education were the ones looking more extensively for available supporting measures. All the respondents with up to mid-high school education looked extensively for information. Accordingly, 20.4% of the high school graduates, 5.4% of the people in terminal college/university years and 12% of college/university graduates looked extensively for information.

Out of the respondents who did not search for supporting measures, almost half (48.4%) were college/university graduates, 37.9% were high school graduates and 13.8% were in terminal college/university years.

The respondents who inquired about existing supporting measures were also asked about training offers and their relevance to their business. Figure 2 presents the respondents' answers with regard to their participation in training activities.

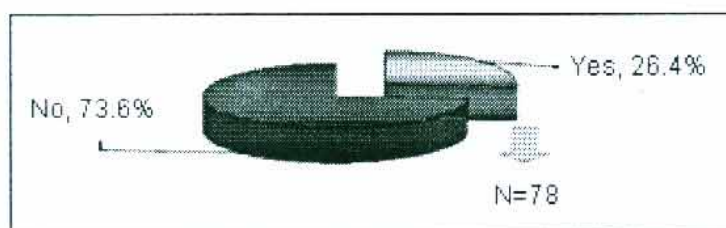


Figure 2: Romanian respondents' participation in courses/training session

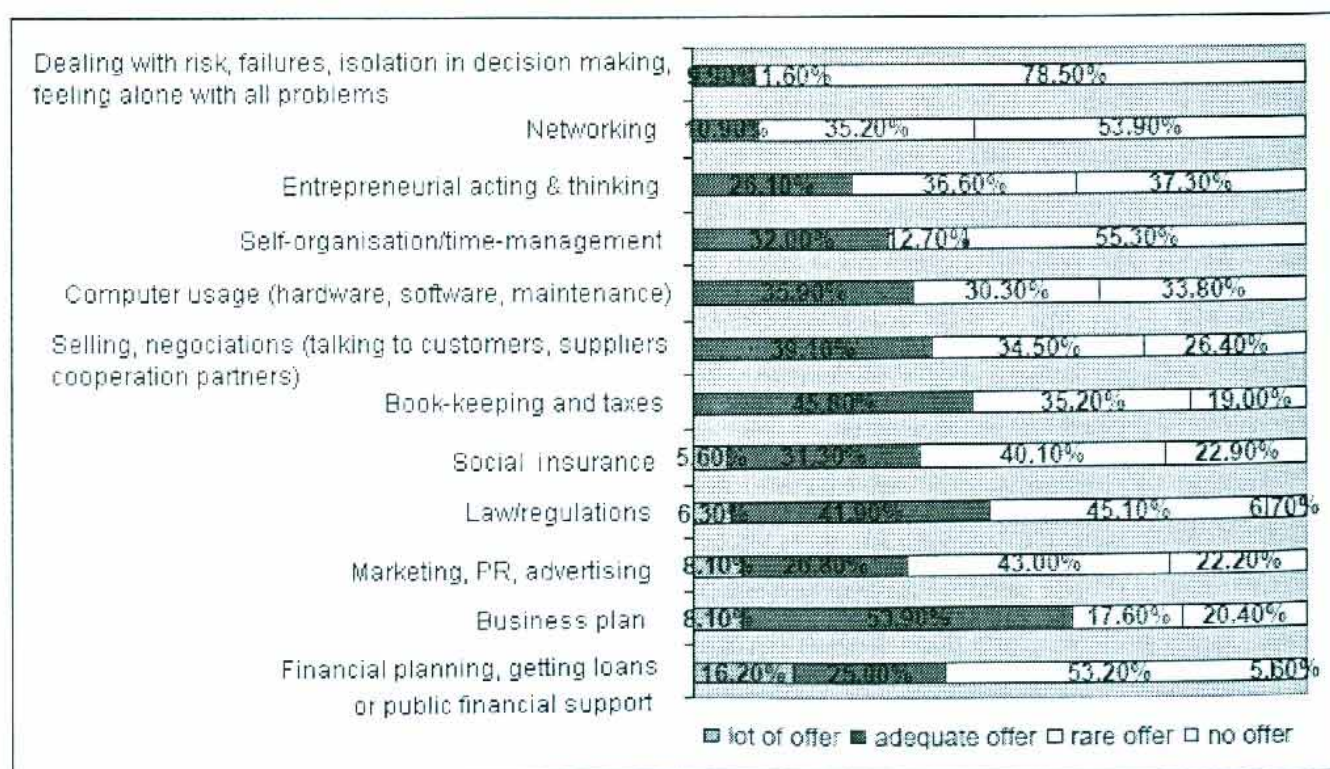


Figure 3: Respondents' assessment on the availability of supporting training

Overall, the data suggests that the training and guidance opportunities targeting self-employment are *not sufficient, not well structured or not advertised enough*. According to Figure 3, the most available training offers are in *Business planning*. Courses targeting *Laws and regulations, Book-keeping and taxes, Financial planning*, and *Getting loans or public financial support* were available enough for the majority of the respondents. Satisfactory offers were also recorded for topics dealing with *selling, negotiations, social insurance, computer usage, marketing, public relations, advertising, and self-organisation/time-management*. The lowest offer was considered in *dealing with risk, failures, isolation in decision making, feeling alone with all problems; networking and entrepreneurial acting & thinking*.

86% of the respondents taking part in training courses felt that the support they received was tailor-made for their special field of work such as trade, personal services, business related services, or production. The courses/training topics and the consequent respondents' participation are detailed in Table 5.

Moreover, 85.5% of the respondents who received carrier guidance and training services considered this type of support coming at the right time. The interviewees who attended training sessions (78 persons) considered with a large majority (88.5%) that the courses were very useful.

Table 5: Participation in courses/trainings

| | |
|---|--------|
| Worker in commerce | 21.80% |
| Social insurance | 21.80% |
| Selling, negotiations | 10.30% |
| Marketing, PR, advertising | 10.30% |
| Laws/regulations | 50.00% |
| Financial planning, getting loans or public financial support | 19.20% |
| Entrepreneurial acting & thinking | 1.30% |
| Dealing with risk, failures, isolation in decision making | 20.50% |
| Business plan | 20.50% |
| Book-keeping and taxes | 17.90% |
| No answer | 24.90% |

Those respondents who indicated they felt something was missing during counselling or training sessions were not able to pinpoint the missing aspects. General criticism pointed out the overall superficial quality of their counselling programme.

CONCLUSIONS

Several conclusions can be drawn from the aforementioned survey conducted on the value of guidance and counselling services targeting Romanian self-employment:

- Self-employed people participating in the survey are more active in services than trade. They mainly work in the private sector, but sometimes perform services for institutional clients.

- The greatest advantages of being self-employed are listed as follows: being your own boss, facing new challenges, and having a better financial security.

- The main obstacles for being self-employed are listed as follows: lack of financing, bureaucratic barriers, and the legal frameworks concerning taxation and social insurance.

- Those self-employed attending training or career counselling sessions evaluated them as positive and useful experiences. Even those respondents indicating that they felt something was missing during counselling or training sessions were not able to pinpoint the missing aspects. General criticism pointed out the overall superficial nature of the counselling programme.

- When comparing themselves to employees, the self-employed respondents consider that they earn more money, pay more taxes, work more hours, overtake more responsibilities, have to have a better knowledge of the legal framework and have more financial risks.

- When comparing themselves to small company owners, they think the opposite: the self-employed earn less than small-business owners. In their opinion, they are granted lower respect than business owners. At the same time, they work more and deal with a bigger number of responsibilities than the owners of small enterprises.

- Single-person enterprises are creatively and dynamically managed. High quality level counselling targeting them could bring a synergic effect, reinforcing these companies and their strengths significantly.

- Although in Romania small and medium enterprises are considered as job generators, little attention is paid to people developing their own business.

- Special measures addressing the self-employed are not specified within regional development plans, even if measures connected with the SME's sector are included.

- The responsible LLL actors must address these needs by offering appropriate training for career counselling targeting self-employment, both to career counsellors and self-employees alike.

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